SCP EQUITY RESEARCH

Skeena Resources, 01 April 2026

Ticker: SKE CN	**PF Cash:** C$925m	**Project**: Eskay Creek
Market cap: C$5.0bn	**Price:** C$41.43/sh	**Country:** Canada, BC
REC. (unc): BUY	*TARGET (+170c): C$54.7/sh*	*RISK RATING (unc): HIGH*

This week's refinancing is positive, reducing Skeena's financing cost and increasing equity exposure to gold. Recall, the original (pre-permit) Orion package included a stream and cost overrun facility with SCPe IRRs of ~14% and ~23.5% respectively at US$2,000/oz (and a ~13% US$350m term loan), which had expanded materially with higher gold prices. Replacing this with SCPe ~8.5–9% senior secured debt lowers financing drag, simplifies the capital structure, and restores greater exposure to gold price upside. For reference, reducing the stream in our model drives an accretive >C$240m to our $NPV_{5\%-3600}$. Interestingly, the ability to secure a US$750m facility against Eskay Creek, particularly pre-revenue, highlights strong credit appetite for the asset as it advances toward production. The 2-year non-call spans construction and early ramp-up, protecting lender returns, but it's timing also underscores expectations of early, meaningful cash flow in our view with SCPe production of 420kozpa payable AuEq Y1-5.

On construction, increases to capex were largely anticipated over the 2023 DFS, driven by stricter water treatment requirements in BC, labour and equipment inflation, and the negotiated IBA. While ~66% of costs are committed and ~49% of construction is complete—suggesting much of the inflationary pressure is already embedded—we would have greater confidence in cost containment at higher levels of physical completion (~70–80%)—particularly major infrastructure including mill / tailings. Encouragingly however, management has reiterated the schedule remains on track for targeted 2Q27 first gold. Moreover, we would also expect some inflationary pressure to flow through to operating cost assumptions in the 2023 DFS, with updated guidance expected in year-end studies/updates. A risk we think is captured with our ~0.9x discount multiple below.

***Model updates:** we update our model for recent financials and the project capex to reflect today's increase. We further add in US$750m in senior secured loans at an SCPe 9% interest rate and extinguish 66.7% of the stream as well as the Orion US$350m term loan and the over-run facility. Rolling our model forward, updating FX, **we maintain our BUY rating and increase our PT to C$54.70 (prev. C$53.00)** based on ~0.9x NAV5%-3,600-50 for the group including a nominal ~US$75/oz for Snip ahead of updated studies. The stock is currently trading at 0.64x P/NAV (0.47x at spot) with a pathway to re-rate into a producer (where peers average ~0.9x) with upside potential from bringing Snip into development plans (823koz @ 9.35g/t indicated UG resource), and other low-hanging technical improvements (e.g. concentrate payabilities / pit slopes).*

Figure 1. Eskay Creek (A) project Gantt chart (B) spend profile to first gold

Source: Skeena Gold + Silver – April 2026 - Corporate Presentation

Eskay halfway through the build; first gold in 2Q27 reiterated; stream buyback accretive, lifting our PT

Yesterday, Skeena announced intention to raise US$750m from senior secured loans and provided a construction update. Financing Skeena announced intention to sell US$750m of senior secured notes due

2031 guaranteed by Eskay Creek. Skeena intends to use US$184m of the proceeds to fund the Stream Buy-Down reducing the stream percentage deliverable by 66.67%, US$100m to fund an interest reserve account (3 semi-annual interest payments), and the balance to add to cash to advance Eskay Creek project and to pay other fees and expenses. Furthermore, Skeena intends to cancel its existing US$350m Term Loan and the cost over-run facility under the stream agreement.

Construction update: the project was 49% complete as of February 28, 2026 with 66% of total project costs now contractually committed with Skeena guiding the project remaining on schedule with initial production targeted for 2Q27 and commercial production targeted for 3Q27. Skeena announced an updated cost of US$659m (vs. US$560m in '23 DFS) incorporating inflation, updated scope, engineering refinement, permitting, IBA commitments, and timing adjustments. The estimate also included the use of leasing arrangements which have reduced upfront construction cost by ~US$94m. As of December 31, 2025, remaining development expenditures to first gold are US$354m with US$291 spend planned for 2026 and the balance in 2027.

Why we like Skeena

1. Eskay pittable 4.6Moz @ 3.6g/t P&P / 324koz pa LOM @ US$684/oz AISC 3Q23 DFS
2. Tahltan Nation support with IBA approval
3. Scarcity value on 'build ready' assets of scale in Canada
4. Snip (823koz @ 9.35g/t indicated UG resource) upside

Catalysts

1. 2026: Project execution and construction
2. 2Q27: First production

Research

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Ticker:	SKE CN	**Price / mkt cap:**	C$41.43/sh, C$5044m	**Group PNAV today:**	0.64x	**Asset:**	Eskay Creek / Snip
Author:	B Gaspar	**Rec / 0.9xNAV PT:**	BUY, C$54.7/sh	**$1xNAV_{1Q26}$ FF FD:**	C$57.86/sh	**Country:**	Canada: BC

Commodity price	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
Gold price	2,387	3,441	4,316	3,850	3,600

SOTP *project* valuation*	**C$m**	**O/ship**	**NAVx**	**C$/sh**
Eskay Creek NPV @ 2Q26	8,154	100%	1.00x	61.61
Cash 4Q25 + Notes - Buyback	925	100%	1.00x	6.99
Cash from options	73	100%	1.00x	0.55
Stream, G&A and finance costs (C$m)	(691)	100%	1.00x	(5.22)
Snip (US$75/oz)	113	100%	1.00x	0.85
Asset NAV5% C$3600/oz	**8,573**			**64.8**
**Shares diluted for optionsand mine build*			*Market P/NAV*	*0.64x*

Share data			
Basic shares (m)	121.7	FF FD	132.3
FD with options (m)	132.3		

Asset value: 1xNPV project @ build start (C$m, ungeared)*					
Project NPV (C$m)*	$3100oz	$3600oz	$4300oz	$4700oz	$5400oz
10.0% discount	5,502	6,524	7,934	8,732	10,119
7.5% discount	6,118	7,273	8,868	9,772	11,343
5.0% discount	6,840	**8,154**	9,971	11,001	12,794
Ungeared project IRR:	206%	222%	242%	258%	273%
Project NPV (C$/sh)*	$3100oz	$3600oz	$4300oz	$5000oz	$5700oz
10.0% discount	41.58	49.30	59.96	70.49	80.93
7.5% discount	46.23	54.95	67.01	78.94	90.78
5.0% discount	51.69	**61.61**	75.35	88.95	102.45

**Project level NPV, excl finance costs and central SG&A, discounted to build start*

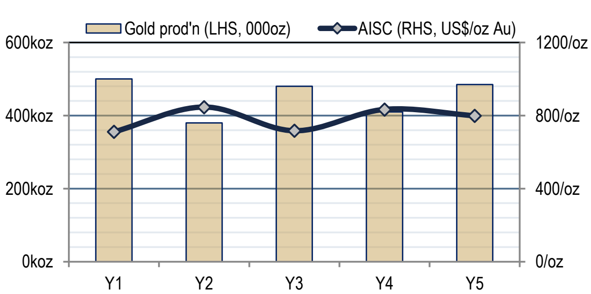
Group valuation over time^	**Jun-26**	**Jun-27**	**Jun-28**	**Jun-29**	**Jun-30**
Eskay Creek (C$m)	8,154	8,973	7,862	7,021	5,845
Net cash prior qtr (C$m)	9	(745)	610	1,679	3,062
G&A and finance costs (C$m)	(691)	(630)	(495)	(388)	(304)
Cash from options (C$m)	73	73	73	73	73
Snip	113	113	113	113	113
NAV FF FD (C$m)	7,657	7,784	8,164	8,499	8,788
$1xNAV_{5\%}$/sh FF FD (C$/sh)	**57.86***	**58.82***	**61.69***	**64.22***	**66.41***

Geared company 1xNAV when in production					
1xNAV FF FD (C$/sh)^	$3100oz	$3600oz	$4300oz	$5000oz	$5700oz
10.0% discount	5,414	6,495	7,985	9,456	10,914
7.5% discount	5,898	7,092	8,739	10,367	11,982
5.0% discount	6,458	**7,784**	9,617	11,430	13,230
Geared project IRR:	180%	196%	215%	231%	245%
1xNAV FF FD (C$/sh)^	$3100oz	$3600oz	$4300oz	$5000oz	$5700oz
10.0% discount	40.91	49.08	60.34	71.45	82.47
7.5% discount	44.57	53.59	66.04	78.34	90.54
5.0% discount	48.80	**58.8**	72.67	86.37	99.97

*^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for mine build equity*

Production	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Gold production (000oz)	500	380	480	410	485
C1 cost (US$/oz)	627	735	629	708	697
AISC cost (US$/oz)	711	846	717	833	799

AISC = C1 + ug sustaining capex, Y1 = 12M from Jun 2027



Source: SCP estimates

Resources	**AuEq (koz)**	**AuEq (g/t)**
Pittable resource	5631koz	3.46g/t
Underground resource	393koz	5.86g/t
Snip	937koz	9.00g/t

Funding: uses		**Funding: sources**	
SCPe remaining build capex	C$502m	Cash + ITM options	C$195m
SCPe G&A to 1st Au	C$28m	Senior Secured Debt	C$1064m
SCPe pre-production expl'n	C$2m	Orion Stream	C$0m
SCPe finance costs + wkg cap to Y1	C$317m	Orion Debt + Over-run	C$0m
Orion Stream Buyback	C$261m		
Total uses	C$1109m	Total proceeds	C$1258m
**Cash from options expiring pre first pour*		*Buffer*	*C$149m*

Ratio analysis	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
Average shares out (m)	114.7	121.7	121.7	121.7	121.7
EPS (C$/sh)	-	-	9.42	9.04	10.42
CFPS (C$/sh)	-	-	7.47	10.05	10.99
EV (C$m)	4,694.5	5,733.4	4,868.7	3,689.1	2,400.3
FCF yield (%)	-	-	18%	24%	27%
PER (x)	-	-	4.4x	4.6x	4.0x
P/CF (x)	-	-	5.5x	4.1x	3.8x
EV/EBITDA (x)	-	-	2.7x	2.1x	1.2x

Income statement	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
Net revenue (C$m)	-	-	2,100.7	2,093.6	2,323.4
Gross profit (C$m)	**-**	**-**	**1,844.0**	**1,787.1**	**2,004.8**
D&A, attrib (C$m)	0.8	-	104.8	118.9	138.6
Admin (C$m)	49.1	25.2	10.0	10.0	10.0
Expensed exploration (C$m)	6.7	1.7	-	-	-
Finance cost (C$m)	(0.3)	47.9	95.8	85.0	47.9
Royalty (C$m)	-	-	61.4	60.9	67.7
Forex, other (C$m)	(29.7)	1.2	-	-	-
Taxes (C$m)	3.5	-	425.2	411.9	471.7
Net income (C$m)	**(30.1)**	**(76.1)**	**1,146.7**	**1,100.4**	**1,268.9**

Cash flow, attrib.	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
EBIT (C$m)	(27.0)	(28.1)	1,667.7	1,597.2	1,788.4
Add back D&A (C$m)	0.8	-	104.8	118.9	138.6
Less tax + net interest (C$m)	3.1	47.9	521.0	496.8	519.5
Net change in wkg cap (C$m)	(29.7)	-	(220.8)	46.6	(27.6)
Add back other non-cash (C$m)	154.4	-	-	-	-
Cash flow ops (C$m)	**95.5**	**(76.1)**	**1,030.7**	**1,265.9**	**1,379.9**
PP&E - build + sust. (C$m)	(333.4)	(412.8)	(121.1)	(42.3)	(42.3)
PP&E - expl'n (C$m)	-	-	-	-	-
Cash flow inv. (C$m)	**(333.4)**	**(412.8)**	**(121.1)**	**(42.3)**	**(42.3)**
Share issue (C$m)	228.5	-	-	-	-
Proceeds from sale (C$m)	206.9	(261.0)	-	-	-
Debt draw (repay) (C$m)	(12.1)	1,063.8	(0.9)	(319.1)	(425.5)
Cash flow fin. (C$m)	**423.3**	**802.8**	**(0.9)**	**(319.1)**	**(425.5)**
Net change in cash (C$m)	185.4	314.0	908.7	904.5	912.1
EBITDA (C$m)	*(178.9)*	*(28.1)*	*1,729.9*	*1,672.2*	*1,878.1*

Balance sheet	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
Cash (C$m)	121.9	435.9	1,301.9	2,162.4	3,025.6
Acc rec., inv, prepaid (C$m)	35.2	35.2	199.3	152.7	180.3
PP&E + other (C$m)	613.1	1,025.2	1,041.4	964.8	868.5
Total assets (C$m)	**770.2**	**1,496.2**	**2,542.7**	**3,279.9**	**4,074.3**
Debt (C$m)	64.7	1,127.8	1,126.9	807.8	382.2
Accounts payable (C$m)	70.1	70.1	13.4	13.4	13.4
Others (C$m)	476.3	476.3	476.3	476.3	476.3
Total liabilities (C$m)	611.1	1,674.2	1,616.5	1,297.4	871.9
Sh'hlds equity + wrnts (C$m)	903.0	642.1	642.1	642.1	642.1
Retained earn'gs + rsvs (C$m)	(743.9)	(820.0)	284.1	1,340.5	2,560.4
Liabilities + equity (C$m)	**770.2**	**1,496.2**	**2,542.7**	**3,279.9**	**4,074.3**

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Summary of Recommendations as of April 2026	
BUY:	60
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	60

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